

**MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
SEPTEMBER 8, 1998
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

The Illinois Gaming Board ("Board") held its Regular Meeting on September 8, 1998 in the auditorium on the 5th floor of the State of Illinois Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120.

The following Board Members were present: J. Thomas Johnson, Chairman; and Members William B. Browder, Gayl S. Pyatt, Terry A. Scrogum and Robert F. Vickrey.

Also in attendance were: Administrator Michael A. Belletire, Deputy Administrators Joseph Haughey, Allan McDonald, and Thomas Swoik, Chief Counsel Mareile' Cusack, other members of the staff, the media, the general public and interested parties.

Chairman Johnson called the meeting to order at 9:30 a.m. Member Scrogum moved **that the Board retire to Closed Session pursuant to section 2(c), paragraphs (1), (4), (11), (14) and (21) of the Open Meetings Act, to discuss the following subject matters:**

- 1. Issues concerning applicants and licensees;**
- 2. Pending litigation and matters involving probable litigation;**
- 3. Investigations; and**
- 4. Closed session minutes.**

Member Browder seconded the motion. The Board adopted the motion by unanimous consent.

The Board convened in Open Session at 12:43 p.m.

Board Minutes

Member Pyatt moved **that the Board approve the minutes from the open and closed sessions of the July 21, 1998 regular meeting and the August 11, 1998 special meeting.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Administrator's Report

The Administrator reported that in addition to retaining Nick Wilke and The Bronner Group as financial consultants, Theodore "Ted" Thompson was recommended for a contract. Mr. Thompson responded to a reissued RFP seeking additional prospective advisors. Mr. Thompson's time will be shared with Nick Wilke serving the Board on evaluation of specific financial transactions.

In response to the agency's initial issuance of an RFP for outside legal counsel a contract was awarded to Lionel Gross, a retired partner of Altheimer and Gray, for a limited scope of work. The RFP has been reissued. A number of law firms in the Chicagoland area have been sent a notice of availability of the solicitation document.

Administrator Belletire summarized the following monthly reports for July and August: Adjusted Gross Receipts; Underage Patrons; Cruise Disruptions/Cancellations; Credit Issuance; and Internal Control System changes.

The Administrator also reported that Empress Entertainment, Inc. has signed an agreement in principal to be merged with Horseshoe Gaming Company. The transaction is subject to the approval of the Illinois Gaming Board and Indiana Gaming Commission.

Chairman Johnson commented on the monthly reports. He asked if the running 12-month average could be included on the Cruise Disruptions/Cancellations summary report. The Administrator stated that staff is working on this request.

Owner Licensee Items

ALTON GAMING COMPANY ("AGC") - Don Malloy, representing AGC, requested initial consideration of the renewal of AGC's owner's license. Mr. Malloy responded to an issue raised at the 1997 renewal of AGC that involved shareholders of Argosy and that failure to provide required information to the Board in a timely fashion. Mr. Malloy reported that the shareholders of Argosy have approved changes in Argosy that address the Board's concerns. The proposal was approved by the Argosy shareholders at its last meeting.

Brenda Bauer, General Manager of AGC, gave an overview of the changes and improvements AGC has accomplished in the past year.

ELGIN RIVERBOAT RESORT ("ERR") - David Belding, representing ERR, requested initial consideration of the renewal of ERR's owner's license. Mr. Belding talked about the level of community commitment and the positive impact ERR is having throughout the Fox Valley, the greater Chicago area and the State of Illinois.

Mr. Belding discussed ERR's community contribution (profit sharing) commitment. A total of \$26 million was provided to the Kane County Board and the Grand Victoria Foundation during calendar year 1997. He outlined the projects, programs and services that benefited from ERR's contributions. He also noted that during 1997 ERR spent over \$31 million with Illinois based suppliers, creating additional jobs and economic growth.

Member Vickrey asked Mr. Belding to clarify his explanation of ERR's community contributions. Mr. Belding responded that 20 percent of ERR's net profits are set aside for contributions. One-fourth of the contributions are made to the Kane County Board and the remaining contributions are made to the Foundation. He further observed that decisions are made by Kane County and the Foundation concerning the use of these funds.

Member Vickrey asked Mr. Belding if future contributions to the Foundation will increase. Mr. Belding stated that the contributions will be decreasing as a result of the increase in the gaming tax rate from 20 percent to 35 percent. ERR's net operating income will be reduced due to an additional \$25 million or more in state gaming taxes. ERR estimates that its total contributions will decrease by \$5.2 million annually.

Member Vickrey asked what the Foundation does with the funds that are not paid out. Mr. Belding stated that the funds are invested through a local Chicago based institutional investor.

CASINO QUEEN, INC. - Bill Roberts, representing Casino Queen, requested initial consideration of the Casino Queen Hotel project financing. Mr. Robert's stated that the preliminary financing documents will be submitted to staff shortly and the final information should be submitted to staff over the next few weeks.

EMPRESS ENTERTAINMENT, INC. ("Empress") - Michael Hansen, representing Empress, requested approval of Tamera Couchman as the Director of Slots.

Member Scrogum moved **that the Board approve Tamera L. Couchman as a Level 1 Occupational Licensee of Empress Casino Joliet.** Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote.

DES PLAINES DEVELOPMENT LIMITED PARTNERSHIP ("Harrah's") – Jim Renkl, representing Harrah's, requested approval of its hotel project. The 12 story, 204 room hotel, will have a projected capital cost of approximately \$29 million. This amount is being funded by earnings and by capital contributions from both the general and limited partners.

Tom O'Donnell, General Manager, showed a rendering of the new hotel and its orientation in relation to the current pavilion. He described the features of the hotel and its rooms. He also noted that Harrah's is working with the city on some minor design modifications with the exterior of the building. Mr. O'Donnell stated that the targeted date for ground breaking is scheduled for September 18. Completion of the hotel is estimated for October 1999.

Member Pyatt asked what the projected room rates will be. Mr. O'Donnell stated the room rate will be between \$77.00 - \$85.00 per night.

Member Vickrey asked about a covered walkway and parking for patrons. Mr. O'Donnell stated that the skywalk is climate controlled and will appear seamless to patrons. He also described in some detail the proposed parking arrangements.

Member Vickrey moved **that the Board approve the development of the hotel project proposed by Des Plaines Development Corporation as well as the proposed equity financing associated with this project.** Member Scrogum seconded the motion. The Board approved the motion unanimously by voice vote.

Mr. Renkl requested approval of Vincent Stovall as Surveillance Manager and Albert Sikirdji as Director of Games Operations.

Member Browder moved **that the Board approve Vincent Stovall and Albert Sikirdji as Level 1 Occupational Licensees of Des Plaines Development Corporation.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

CHANGE IN OWNER LICENSE RENEWAL DATES - Chairman Johnson stated that at the August special meeting a motion to change owner renewal dates was tabled. He stated that the motion is available for consideration at this time.

Administrator Belletire reported that eight licensees responded to the proposed motion in writing. Seven licensees had no objections. He stated that Hollywood Casino Aurora, if required by the Board, volunteered to be relicensed this December as well as December 1999 in order to eliminate any ambiguity. Mr. Belletire stated that staff does not feel this would be necessary. In December the same basic information will be provided in connection with the renewal of Pratt Management, LP -- HCA's supplier licensee. The Administrator further reported that Empress was the only licensee to object to the proposed change. Empress, through its Chief Counsel, responded that the timing of moving to June instead of July would not fit their internal priorities.

Member Vickrey moved **that the Board further table to the December Board meeting the motion addressing a change in Owner license renewal dates.** The motion failed for a lack of a second.

Chairman Johnson called the question on the previous (August) motion (attached). The Board approved the motion by voice vote four to one.

Supplier
ATRONIC

Member Scrogum moved **that the Board approve Rolf W. Klug as a Key Person of Atronic Casino Technology, Inc.** Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote.

SHUFFLE MASTER

Member Pyatt moved **that the Board approve Gary W. Griffin and John A. Rahja as Key Persons of Shuffle Master, Inc.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

UNIVERSAL DISTRIBUTING – Donna More, representing Universal, requested approval of Jeffrey Gilbert as a Key Person.

Member Browder moved **that the Board approve Jeffrey L. Gilbert as a Key Person of Universal Distributing of Nevada, Inc.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

Occupational Licensees

Member Browder moved **that the Board approve 195 applications for an Occupational License, Level 2, and 408 applications for an Occupational License, Level 3, and deny 4 applications for an Occupational License, Level 3.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

Complaints & Disciplinary Actions

Member Browder moved **that the Board issue disciplinary complaint numbers DC-98-19 and DC-98-20 against Southern Illinois Riverboat Casino Cruises (“SIRCC”) and fine them in the amount of \$30,000 and \$20,000. The complaints involve SIRCC’s violation of Board rules and failure to comply with its approved Internal Control System as they pertain to the maintenance and operation of the surveillance department and its equipment.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

Member Browder moved **that the Board issue a disciplinary complaint against Dennis Whitehead and revoke his license. The complaint pertains to Mr. Whitehead’s**

involvement in violating and causing SIRCC and other employees to violate the Board rules and SIRCC's approved Internal Control System in the operation of the surveillance department. Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

Member Browder moved **that the Board issue a disciplinary complaint against Barbara Anop and suspend her license for 30 days. The complaint involves Ms. Anop's inappropriate interference with SIRCC's surveillance department.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

Administrator Belletire thanked the Board for their action with regard to the above matters. Staff feels that the surveillance function requires the highest level of appropriate attention from licensees. He observed that the concerns over SIRCC's surveillance system should be resolved with these complaint actions and the licensee's proposed revisions in surveillance policies and procedures.

Member Vickrey moved **that the Board issue a disciplinary complaint against Casino Queen and formally reprimand the licensee. The complaint involves Casino Queen's failure to promptly disclose to the Board material information.** Member Scrogum seconded the motion. The Board approved the motion unanimously by voice vote.

Member Pyatt moved **that having reviewed the staff reports, the Board issue disciplinary complaints against Kevin Wirfs, Michael Short, Kevin Gregory and Christopher Gates and revoke their respective occupational licenses.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Board Policy Items

RULES - Mareile' Cusack stated that JCAR issued a "No Objection" certificate for the rules approved by the Board for second notice filing in June. Ms. Cusack asked that the Board adopt the rules as final into law and allow the staff to publish them with the Secretary of State.

RULES

Member Scrogum moved **that the Board approve the final publishing and adoption of the proposed rules submitted to the Board for this September meeting.** Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote.

Administrator Belletire stated that Mikohn Gaming Company's acquisition of Progressive Games, Inc. has been consummated. As of early September, Mikohn Gaming will now do

business directly in Illinois and will take over the leases from what is now a merged company.

There being no further business to come before the Board, Member Browder moved **that the Board stand adjourned**. Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote and adjourned at 1:26 p.m.

Respectfully submitted,

Susan O. Weber
Secretary of the Board

ATTACHMENT

Member Browder moved **that the Board pass the resolution pertaining to a change in owner renewal dates.** Member Pyatt seconded the motion.